

Message Text

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63

ORIGIN EB-02

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FM SECSTATE WASHDC

TO AMEMBASSY MADRID

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E. O. LL652: N/ A

TAGS: EFIN, SP

SUBJ: EXPROPRIATIONS: POLICY STATEMENT: ECONOMIC
ASSISTANCE AND INVESTMENT SECURITY IN DEVELOPING
COUNTRIES

FOLLOWING IS A REPEAT

QUOTE

R012015 Z FEB 72

FM SECSTATE WASHDC

TO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

EMBASSY PARIS

MBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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SUBJECT: EXPROPRIATIONS: POLICY STATEMENT: ECONOMIC
ASSISTANCE AND INVESTMENT SECURITY IN

DEVELOPING COUNTRIES

REF: A) STATE 10163; B) STATE 10162; C) STATE 10173

1. PRESIDENTIAL STATEMENT (REFTAL A, PARA 6) PROVIDES FOR CONSULTATION " WITH GOVERNMENTS OF DEVELOPED AND DEVELOPING COUNTRIES ON EXPROPRIATION MATTERS, TO WORK OUT EFFECTIVE MEASURES FOR DEALING WITH THESE PROBLEMS ON A MULTILATERAL BASIS". PURPOSE OF THIS TELEGRAM IS TO INAUGURATE DEVELOPED COUNTRY CONSULTATIONS.

2. AS FIRST STEP, POSTS SHOULD CALL THE PRESIDENTIAL STATEMENT TO THE ATTENTION OF APPROPRIATE OFFICIALS IN HOST GOVERNMENTS, AND, IF NECESSARY, MAKE COPIES AVAILABLE.

3. BEYOND THAT, WE ARE INTERESTED IN REACTIONS TO STATEMENT, AND POLICY TOWARDS PRIVATE INVESTMENT. IN PARTICULAR, POSTS SHOULD TRY TO ASCERTAIN HOST GOVERNMENT' S

A) INTERPRETATION OF INTERNATIONAL LAW REGARDING RIGHT OF SOVEREIGN STATE TO NATIONALIZE FOREIGN PRIVATE PROPERTY AND EXTENT TO WHICH THIS RIGHT IS CONSIDERED SUBJECT TO LIMITATIONS SUCH AS PAYMENT OF PROMPT ADEQUATE AND EFFECTIVE COMPENSATION, PUBLIC PURPOSE, NONDISCRIMINATORY BASIS, OR OTHER LIMITATIONS.

B) POLICY TOWARDS FOREIGN PRIVATE DIRECT INVESTMENT IN DEVELOPING COUNTRIES. ELEMENTS WOULD INCLUDE EXTENT AND LOCALE OF INVESTMENT EXPOSURE; TYPE AND DEGREE OF ENCOURAGEMENT ACCORDED TO SUCH INVESTMENT AND REASONS THEREFOR; POLICY TOWARD INVESTMENT INSURANCE; EXPERIENCE OF INVESTMENT DISPUTES; EXTENT TO WHICH INVESTOR LIMITED OFFICIAL USE
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GOVERNMENT PREPARED OR NOT PREPARED TO INTERVENE WITH LDC GOVERNMENT IN SUPPORT OF NATIONALIZED INVESTORS, AND MOTIVES THEREFOR. (MOTIVES FOR OR AGAINST INTERVENTION MIGHT INCLUDE DEPENDENCY ON RAW MATERIALS OR OTHER PRODUCT OF NATIONALIZED ENTERPRISE, FEELING THAT NATIONAL PRIDE OFFENDED, DESIRE TO MAINTAIN NEUTRALIST OR OTHER POSTURE FAVORABLE TO LDC ASPIRATIONS, OR ANY MIX OF THESE .)

C) ATTITUDE TOWARDS INTERNATIONAL INVESTMENT INSURANCE AND DEGREE OF INTEREST IN INTERNATIONAL INVESTMENT INSURANCE AGENCY (IIIA) IN PARTICULAR: WILLINGNESS TO COOPERATE WITH USG IN WORLD BANK TO STRENGTHEN ROLE OF BANK IN SETTLING INVESTMENT DISPUTES. DEGREE OF

INTEREST IN INTERNATIONAL CENTER FOR SETTLEMENT OF INVESTMENT DISPUTES (ICSID). WHETHER HOST GOVERNMENT HAS ANY POLICY OF MANDATORY INCLUSION OF ICSID CLAUSES IN CONCESSIONAL AGREEMENTS.

D) WILLINGNESS IN PRINCIPLE TO COORDINATE WITH UNITED STATES AND OTHER CAPITAL EXPORTING COUNTRIES THEIR RESPONSES TO EXPROPRIATIONS. SUCH COORDINATION WOULD BE IN RECOGNITION THAT EXPROPRIATIONS ARE NOT A PROBLEM FOR ANY ONE COUNTRY ALONE, AND THAT IT IS INTEREST OF ALL CAPITAL EXPORTING COUNTRIES TO WORK TOGETHER. (WE RECOGNIZE, OF COURSE, THAT NATIONAL ASSESSMENTS OF PARTICULAR CASES MAY VARY.)

4. HOST GOVERNMENTS SHOULD UNDERSTAND THAT THIS APPROACH IS A PRELIMINARY ONE.

5. ALL MESSAGES WITH REGARD TO CONSULTATIONS SHOULD BEAR SUBJECT HEADING " EXPROPRIATIONS: CONSULTATIONS".

6. FOR LONDON. YOU WILL RECALL THAT HMG REMINDED US THAT PRESIDENT SOUGHT PRIME MINISTER' S QUOTE UNDERSTANDING AND SUPPORT UNQUOTE FOR EXPROPRIATION POLICY
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AT BERMUDA. QUESTION AROSE IN CONNECTION WITH BRITISH EMBASSY/ EXECUTIVE DIRECTOR REQUEST FOR US SUPPORT IN EFFORT TO HOLD UP IDA CREDIT TO TANZANIA, FOR REASON OF EXPROPRIATION OF BRITISH PROPERTIES THERE WITHOUT PAYMENT OF COMPENSATION. LOAN WAS WITHDRAWN BY IBRD STAFF BEFORE ISSUE REACHED POINT WHERE USG SUPPORT WOULD HAVE HAD TO BE STATED. (STATE 12034 AND 14385).

ROGERS

UNQUOTE RUSH

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<< END OF DOCUMENT >>

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